

Genesis and Operation of the Bengal State Aid to Industries Act, 1931¹

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The Bengal State Aid to Industries Act was passed in 1931 to enable state aid to be given mainly for the purpose of encouraging cottage industries on a small scale. The Act was the outcome of a recommendation made by the Indian Industrial Commission in 1918 which stated that "assistance . . . be given to small and cottage industries by the local Departments of Industries in the shape of small Government loans or by financing the purchase of plant on the hire-purchase system."² This recommendation the Indian Industrial Commission made in view of the lack of financial facilities which stood in the way of extension of small and cottage industries and of those industries which were new to the economy of India. Moreover, it was felt that government financial assistance would also create a favourable environment for investors who till now were unwilling to invest money in undeveloped industries with uncertain prospects until government associated itself with those.

In this paper an attempt has been made to examine certain aspects of the Bengal State Aid to Industries Act, 1931. This has been done in three parts. Part I deals with the course of events leading to the passing of the Act. Part II is a critical study of its working while Part III evaluates its performance in Bengal till 1947. The various moves made to amend the Act and the Rules enacted thereunder are also discussed in Part III.

I

While State Aid to Industries Acts had been passed in Madras, Bihar and Orissa back in 1923, it was not till 1931 that Bengal did so. This delay in enacting state aid to industries legislation calls for an explanation. In the first place there was no provincial Department of Industries on a permanent basis

¹Abbreviations used in this article are: BLCP=Bengal Legislative Council Proceedings, BSR=Bangladesh Secretariat Records, DOIB=Department of Industries, Bengal, PAI=Proceedings of the Department of Agriculture and Industries, Bengal.

²*Report of the Indian Industrial Commission, 1916-18* (Calcutta, 1918), Chapter XXIV, Recommendation No. 129. See also Chapter XX, paras 301 and 302.

in Bengal till 1920. As such the issue of state aid to industries till that time remained in abeyance. It was only after the establishment of the Department of Industries that the initiative on this line was first taken by the Director of Industries, Bengal, in 1921.³ Political instability with the introduction of dyarchy was certainly another reason for this delay. Attempts had been made from time to time by different ministries and ministers to frame state aid to industries legislation but due to political instability no headway could be made in this regard for some time. Thus a Bill was framed as far back as 1923 and was being carefully scrutinized when the term of the first ministry came to an end.⁴ The matter was taken up on the formation of the second ministry but as it was short-lived nothing was achieved.⁵ A revised Bill was once again prepared by the Advisory Board of Industries in 1925 in the light of the experience of the sister provinces of Bihar and Orissa, and Madras in respect of the legislation already enacted in those provinces.⁶ This was considered by the government in 1926 and steps were again taken to redraft the Bill.⁷ In this way with political changes the question of state aid to industries remained bogged down for a number of years.⁸ The conservative attitude of the government as regards state aid to local industries was also somewhat responsible for the delay. Legislation in this line being a new departure in government policy, the Local Government was afraid of unforeseen developments that might occur in the near future and hence desired to retain extensive control as regards the constitution and powers of the Board of Industries. This ultra-conservative attitude of the government being disliked by the Legislative Council, the government Bill embodying those provisions was thrown out in 1929. It then took over two years for the government to prepare an acceptable state aid to industries bill. Lastly, the delay was also perhaps intentional on the part of the government. The inequitous "Meston Award" had very serious economic consequences for Bengal. Despite drastic cuts, the Bengal government found it almost impossible to balance the budget. Even out of the scanty allocation of funds to the Industries Department, a cut of over seven lakhs of rupees had to be made during the period, 1921-22 to 1932-33.⁹ Under those circumstances, it was only natural that government would not create any new heads

³PAI (Industries), June 1928, Nos. 15-16, p. 17.

⁴BLCP, 9 July 1926, Vol. XXII, p. 108.

⁵Ibid.

⁶Ibid. See also PAI (Industries), June 1928, Nos. 17-18, pp. 27-28.

⁷BLCP, 9 July 1926, Vol. XXII, p. 108.

⁸In fact, from 1924 to 1927 no Minister could hold office for more than seven months. See Humaira Momen, *Muslim Politics in Bengal: A Study of Krishak Proja Party and the Elections of 1937* (Dacca, 1972), Appendix II, p. 78.

⁹A. Z. M. Iftikhar-ul-Awwal, "The Industrial Development of Bengal, 1900-1939: An Examination of the Economic Features of an Underdeveloped Area" (Unpublished Ph.D. thesis, London University, 1978), Chapter II, p. 64.

of expenditure unless forced to do so. It was due to financial reasons that the government in 1926 negatived a proposal put forward by the Advisory Board of Industries to create a permanent development fund under the control of the Board of Industries in the ensuing state aid legislation.¹⁰ It was again probably because of financial difficulties that the Local Government did not even include any "delegation clause" (clause whereby the Local Government could delegate its power to the Board to grant state aid) in their first abortive State Aid Bill introduced in the August session of 1928.¹¹

The question that might now be raised is: Did the financial position of the Bengal government improve in the late 1920s and early 1930s so as to allow the government to introduce the State Aid to Industries legislation then? The answer is in the negative. The financial position of the Bengal government had deteriorated with time. In 1922-23 the revenue receipts of the government amounted to 986 lakhs of rupees and ten years later in 1932-33 it totalled only 938 lakhs of rupees.¹² In the face of acute financial crisis why did the government introduce the Bill then? First, legislation in this regard had already been enacted in some of the Indian provinces like Madras, Bihar and Orissa in 1923. In Bengal as well popular support for early legislation was undoubted.¹³ The government had to face embarrassing situations quite often for not doing anything concrete in this regard. In 1926, Babu Debi Prasad Khaitan moved a resolution in the Council for the appointment of a committee to prepare a Bill for affording government assistance to industries.¹⁴ In 1927, Babu Nalini Ranjan Sarkar also gave notice for the introduction of his Bengal Industrial Development Bill in the Council.¹⁵ Naturally, it was not possible for the government to sit tight and do nothing. Hence the government introduced its Bengal State Aid to Industries Bill in 1928, but it was thrown out by the Council on 4 February 1929.¹⁶ The main criticism directed by the Council was regarding the composition of the Board of Industries. The Bill had provided for a sort of nominated body which the Council found very repugnant. "If you want to launch any popular measure," observed one of the members, "you must at once realise that what is wanted is to inspire the confidence of the people in the constitution of the Board in whose hands the management of the affairs is to be left."¹⁷ Another found the non-representation of the Council on the Board "one of the funniest things."¹⁸ Moreover, the absence

¹⁰PAI (Industries), June 1928, Nos. 17-18, pp. 27-28; and *Ibid.*, No. 19, p. 41.

¹¹BSR: Bundle No. 3, PAI (Industries), July 1930, No. 4, p. 1.

¹²Awwal, *op. cit.*, p. 62.

¹³PAI (Industries), October 1928, No. 12, p. 17.

¹⁴BLCP, 9 July 1928, Vol. XXII, p. 105.

¹⁵PAI (Industries), February 1928, Nos. 4-5, p. 6.

¹⁶BLCP, 4 February 1929, Vol. XXXI, No. 1, pp. 47-48.

¹⁷*Ibid.*, 7 February 1929, Vol. XXXI, No. 1, p. 116.

¹⁸*Ibid.*, p. 120.

of any financial powers of the Board to grant aid made the Bill unpopular and unacceptable.

While the Council rejected the government Bill, a private member's Bill on the same subject was entertained by the Council. This Bill was introduced by Babu Nalini Ranjan Sarkar. Sarkar's Bill provided for a Board of Industries based on an elective basis. The powers of the Board were also very wide. It could accept or reject an application seeking financial aid of an amount not exceeding Rs 50,000 on its own; it included a "delegation clause" so that the Local Government could delegate its powers to grant state aid to the Board on such terms and conditions as it thought fit and consistent with the provisions of the Act; the Board had the power to make rules regarding the manner of making applications for state-aid, the mode of ascertaining the value of the assets of an industrial business or enterprise, the nature of the security to be taken for the due application of loans and grants and the rates of interest at which and the conditions under which loans or grants could be given.¹⁹ The Bill made a strong appeal in the Council and was circulated for public opinion but unfortunately with the dissolution of the Council the Bill also lapsed.²⁰

The dissolution of the Council was, however, a great relief to the government. The acceptance of Sarkar's Bill would not only have discredited the government, it would also have accentuated the financial problem of the province. The government had now two options open: either it could re-examine its own Bill with a view to making it more agreeable to the legislature or else it must accept Sarkar's Bill which was likely to be introduced in the next Council "with all chances of getting through."²¹ The government decided in favour of the first course. Accordingly, the Bill was revised and remodelled so as to include some popular measures like the constitution of a non-official Board of Industries; the election of its own Chairman and Vice-Chairman; payment of fees for members attending Board meetings; and the addition of a delegation clause enabling the Local Government to delegate to the Board powers and providing them with funds. Arrangements were also made to introduce the government Bill first in the Council. This could be done so as the arrangement of official business was in the hands of His Excellency.²² In their July-August 1931 session, the Council considered the Bengal State Aid to Industries Bill, 1931 as emerged out of a Select Committee²³ and passed it

¹⁹See, PAI (Industries), February 1928, Nos. 4-5, pp. 6-14.

²⁰DOIB, *Annual Administration Report of the Department of Industries, Bengal for the year 1928-29*, p. 37.

²¹BSR, Bundle No. 3, PAI (Industries), July 1930. See, Notes leading to the issue of Memorandum No. 4210, dated the 28th August 1929 to the Legislative Department of the Government of Bengal, p. 4

²²*Ibid.*, pp. 1-2.

²³The Council in their debate on 13 August 1930 had decided to refer the government

into law (on 23 July 1931) after dealing with various amendments moved by individual members. The Bill as passed by the Council came into force on 15 January 1932 as sanctioned by the Government of Bengal.²⁴

The Act made provisions for aid to be given mainly for the purpose of encouraging cottage industries and industries on a small scale in the form of (a) loans, (b) guarantees of cash credit, overdraft or fixed advance with a bank, (c) taking the shares or debentures, (d) guarantees of interest on preference shares or on debentures, (e) guarantees of a minimum return on the whole or part of the capital of a joint-stock company, (f) grants on favourable terms of land, raw materials, firewood, water or any other property of the local government, and (g) payment of a subsidy for conduct of research, purchase of machinery on hire-purchase system.²⁵

II

The passing of the Bengal State Aid to Industries Act generated great hopes among all sections of the community. The Industries Department in their Annual Administration Report expressed their earnest hope that the practical working of the Act would enable the installation of modern improved machinery in the smaller factories and cottage industries and thereby enable the entrepreneurs to increase their margin of profit and at the same time improve the quality and finish of their products.²⁶ But unfortunately the high hopes and aspirations of the people did not materialize. This was mainly due to the obstructive rules framed by the Government under the Bengal State Aid to Industries Act, 1931.

The rules framed by the Government of Bengal in June 1933 for the purposes of carrying out the Act laid maximum stress on the question of security for any loan or advance. It laid down that "Every loan granted under the Act shall be secured by a mortgage or a floating charge or by both mortgage and floating charge upon the whole of the assets of the owner in the industry."²⁷ The Board was required to be absolutely certain that the realizable value of the properties to be mortgaged was above the market value of loan and easily realizable and free from encumbrances. But unfortunately most of the applicants failed to satisfy this stringent condition for aid. Anath Bandhu Sarkar

Bill to a Select Committee consisting of 15 members who included, among others, The Hon'ble K. G. M. Farouqui, Maharaja Srish Chandra Nandy of Kasimbazar, Rai Badridas Goenka Bahadur, Raja Bhupendra Narayan Sinha of Nashipur, A. K. Fazlul Huq, and Khan Bahadur Miv. Azizul Haque. *BLCP*, 13 August 1930, Vol. XXXV, p. 205.

²⁴PAI (Industries), February 1932, No. 13, p. 13.

²⁵*The Bengal State Aid to Industries Act, 1931* (Bengal Act III of 1931), Section 19.

²⁶DOIB, *Annual Administration Report*, 1931-32, p. 40.

²⁷BSR, Bundle No. 3, PAI (Industries), September 1933, No. 7, p. 4.

of Tangail, who applied for a loan of Rs 10,000 for the purposes of starting a *tung* plantation near Sagardighi (Mymensingh), could furnish no security at all other than the proposed plantation against the loan applied for.²⁸ Haji Harchin Seikh of Murshidabad, who applied for a loan of Rs 400 for the purposes of improving and developing his existing silk reeling factory, offered his land and building as security valued by the Collector of Murshidabad at Rs 540. The Board recommended a loan of Rs 250 only.²⁹ The loan petition of Rs 1,850 applied by Hazi Hafiz Haiyat Bux and others on 24 July 1939 for the purposes of purchasing stocks of paddy with a view to running their existing mill to its full capacity was turned down by the government as the applicants were unable to offer any security of stable nature other than the movable assets of the industry.³⁰ The application of Babu Ashutosh Saha, proprietor, Bandhab Hosiery Factory, Pabna, was refused as the Collector of Pabna reported that although the applicant had properties valued at Rs 6,000, he was discharged insolvent and that government money advanced as loan might not be safe with him.³¹ Again, on prayer from Messrs Calcutta Electric Lamp Works Ltd., the Board did recommend a loan of Rs 8,000 to it. But at the same time, the Board laid down that the loan would only be given (a) if the existing machinery along with those already ordered at a cost of Rs 2,500 and those proposed to be further purchased at a cost of Rs 3,000 were mortgaged to government, and (b) that the loan would be paid after the machinery already ordered and the machinery proposed to be further purchased were actually installed by the applicants.³² It was no wonder that the company refused the aid. Their argument was simple, "If we are to purchase these machines beforehand, we will have to procure Rs 5,500 first." And it was not possible for them to receive the aid "as we have not sufficient fund at present to buy those machines."³³ From the above illustrations, it is clear that the government adopted an inflexible attitude as regards the question of proper security for loans and advances. This rigidity on the part of the government could easily have been relaxed to a certain extent. For example, the state of Mysore did not demand any security for loans and advances.³⁴ Even the work-

²⁸BSR, Bundle No. 1, PAI (Industries), B Proceedings, File No. $\frac{4P}{4}$ 36.

²⁹BSR, Bundle No. 10, PAI (Industries), B Proceedings, File No. $\frac{1L}{28}$ of 1939.

³⁰BSR, Bundle No. 12, PAI (Industries), B Proceedings, File No. $\frac{1L}{28}$ of 1940.

³¹BSR, Bundle No. 10, PAI (Industries), B Proceedings, File No. $\frac{4P}{17}$ of 1939.

³²BSR, Bundle No. 11, PAI (Industries), B Proceedings, File No. $\frac{1L}{32}$ of 1939.

³³*Ibid.*

³⁴BSR, Bundle No. 8 PAI (Industries), B Proceedings, File No. $\frac{2I}{20}$ of 1938.

ing of the Act in Bengal showed that not much risk was involved in the amounts sanctioned and that no significant amount of the loans advanced was considered as irrecoverable and bad debt.³⁵

The rules as laid down by the government were also very cumbersome leading to unnecessary delay in processing individual applications for state aid. One of the rules provided for the invitation of objections by advertisements in newspapers before the application was accepted or refused. This was done through advertisement in three successive issues of two Calcutta daily newspapers and in some *mofussil* newspapers.³⁶ This was a sure way of driving away applicants. "The people consider it very humiliating and have become very shy to come to the Board for help," observed a member of the Council.³⁷ The advertisement in newspapers also caused delays in the disposal of loan petitions "often resulting in a total change of circumstances necessitating a financial aid."³⁸ Moreover, the publication of advertisements involved unnecessary expenditure as often no aid was eventually granted to the applicant. On being approached by the Board on several occasions, the government in their Notification No. 4313-Ind, dated 7 July 1936, decided to grant discretionary powers in the matter of inviting objections to the grant of applications up to Rs 1,000 in amount.³⁹ In November 1937 the rule was further relaxed and the discretion extended to applications for loans up to Rs 3,000.⁴⁰ As a result, the Board was able subsequently to deal with the applications expeditiously, most of them being disposed of within a period varying roughly from two to four months.⁴¹

The rules did not also delegate any financial power to the Board to grant state aid to an industry. In the absence of which every application for aid had to be sent up for acceptance or rejection by government. The delegation (under section 20 of the Act) to the Board of Industries of the powers to grant a limited extent of state aid would not only have avoided abnormal

³⁵BSR, Bundle No. 2 PAI (Industries), B Proceedings, File No. Ind $\frac{3C}{12}$ 36. Perhaps the only case where a sum of Rs 794 had to be written off was granted to one G. G. Cruickshank, Prop., Montgomery Dairy, 12 Tapsia Road, Tiljala, Calcutta. This money was given for developing his dairy industry and the person later on was reported to have left the place of which no intimation was given to the Industries Department by the loanee. See, BSR, Bundle No. 11, PAI (Industries), B Proceedings, File No. $\frac{1L}{4}$ of 1940.

³⁶BSR, Bundle No. 3, PAI (Industries), September 1933, No. 7, p. 3.

³⁷*BLCP*, 28 March 1935, Vol. XLV, No. 2, p. 683.

³⁸PAI (Industries), March 1938, No. 6, p. 7.

³⁹DOIB: *Annual Report of the Board of Industries, Bengal for the year 1936-37* (Alipore, 1938), pp. 1-2.

⁴⁰BSR, Bundle No. 5, PAI (Industries), B Proceedings, File No. $\frac{1R}{5}$ of 1938.

⁴¹*Ibid.*

delay, it would also have given the Board a sense of participation. But the government did not think it justified to alter the rules until experience of the working of the Act showed that this control could safely be relaxed.⁴² Although in July 1936 the government did relax the rules and delegate to the Board the power to dispose of applications for aid up to a sum of Rs 5,000,⁴³ it was withdrawn in 1938 to bring it into conformity with the provisions of the Government of India Act, 1935.⁴¹ The Board henceforth became only a sort of committee for the disposal of loan petitions.

The government took an unduly long time in approving the proposals sanctioned by the Board. Once sanctioned by the government, inordinate time was again taken to arrange the preliminaries, drawing up of the draft mortgage deed, its approval by the government or execution and registration by the parties concerned. The delay was sometimes so much so that the Secretary, Board of Industries, had quite often to send reminders to the government "for an early payment of loan."⁴⁵ Nor was it uncommon for applicants to decline government loans due to the length of time in getting the loan sanctioned and the subsequent delay in making the money available.⁴⁶ While one of the reasons for this delay was caused by the careful scrutiny made by the Agriculture and Industries Department and the Finance Department of the government in view of serious loss sustained by the sister province of Bihar and Orissa in the loans advanced under a similar Act in that province,⁴⁷ it cannot be gainsaid that the delay was to some extent avoidable. Thus although it was not necessary for the government to send the loan applications for the concurrence of the Finance Department under the Act and the rules passed thereunder but the government did so just to conform to the "general secretariat procedure."⁴⁸ The dilatory policy of the government was perhaps a reflection of its own acute financial position during the period as a result of which the government was already forced to reduce its expenditure.

⁴²PAI (Industries), Quarter ending June 1934. See, Abstract of Matters Routine of the Government of Bengal for the month of April 1934.

⁴³DOIB, *Annual Report of the Board of Industries, Bengal for the year 1936-37*, p. 1.

⁴⁴BSR, Bundle No. 5, PAI (Industries), B Proceedings, File No. $\frac{1R}{5}$ of 1938.

⁴⁵See, for example, BSR, Bundle No. 2, PAI (Industries), B Proceedings, File No. $\frac{1L}{4}$ of 1936.

⁴⁶See, Copy of letter dated 11 August 1935, from Hudson Brothers to the Director of Industries, Bengal in BSR, Bundle No. 1, PAI (Industries), B Proceedings, File No. $\frac{1L}{2}$.

⁴⁷BLCP, 28 March 1935, Vol. XLV, No. 2, p. 688.

⁴⁸BSR, Bundle No. 3, PAI (Industries), B Proceedings, File No. $\frac{1P}{1}$ of 1936.

III

The cumulative effect of the rigid rules and limited funds resulted in the defeat of the purpose for which the Act had been enacted. A glance at the following table proves that the Act had not been as effective as was hoped. Only about 37 per cent of the 358 applicants had received financial aid from the government amounting to about Rs 3.10 lakhs (or only 11.93 per cent of the amount sought) during the 11 years from 1933-34 to 1943-44 (figures for the period 1944-45 to 1946-47 are not available).⁴⁹ In other words, the govern-

TABLE
GRANT OF LOANS UNDER THE STATE AID TO INDUSTRIES ACT
IN BENGAL, 1933-34 TO 1943-44

<i>Year</i>	<i>No. of applica- tions received</i>	<i>Total amount sought (Rs)</i>	<i>Number sancti- oned</i>	<i>Total amount sancti- oned (Rs)</i>
1933-34	9	589,000	3	6,900
1934-35	41	262,000	11	59,600
1935-36	28	129,001	11	47,125
1936-37	55	631,725	20	39,200
1937-38	28	117,675	8	38,600
1938-39	52	321,700	22	31,650
1939-40	47	251,570	19	45,050
1940-41	28	136,650	9	12,300
1941-42	60	120,550	20	24,030
1942-43	9	22,050	5	7,400
1943-44	7	74,400	4	4,000

SOURCE: *Report of the Bengal Industrial Survey Committee* (Alipore, 1948), p. 166.

ment had sanctioned on the average about Rs 28,000 per year to 12 successful applicants, i.e., the average grant per applicant being Rs 2,365. Also the

⁴⁹Even out of the sanctioned amount of Rs 3.10 lakhs, over Rs 54,000 were contributions from the Bengal State Aid to Industries Act Fund created (by the government under section 24 of the Act) in April 1933 with the donations, endowments or contributions received from some public spirited gentlemen of the province. Donors included, among others, Hurdotroy Matilal Chamarla (Rs 15,000), S. C. Mitter (Rs 10,000), Dr Sir U. N. Brahmachari (Rs 10,000), Sir Hari Sanker Paul (Rs 8,544), Hon'ble Nawab Sir K. G. M. Farouqi (Rs 5,000), Khan Sahib Miv. M. S. Azizuddin (Rs 2,500), G. D. Birla (Rs 2,000), and Rai A. N. Das Bahadur (Rs 1,000). See BSR, Bundle No. 5, PAI (Industries), B Proceedings, File No. $\frac{3C}{10}$ of 1938, and BSR, Bundle No. 4, PAI (Industries), B Proceedings, File No. $\frac{1F}{6}$ of 1937.

government did not provide any cash credit facilities except in one case where a sum of Rs 25,000 was granted in 1936 for a period of 10 years for the development of the silk industry.⁵⁰

The disappointing results of the Act generated a great deal of public criticism both within and outside the legislature. As far back as 1935 the Board of Industries had suggested amendment of some of the rules, viz., that the Board should have the power to reject an application outright; and that the provisions for publishing the names of applicants and inviting objections should be replaced by a procedure of publishing the names of persons to whom aid had been granted.⁵¹ Under this suggestion, the procedure of inviting objections would have disappeared. But the government was unwilling to accept the Board's suggestions. While no reason was ascribed for the rejection of the first suggestion, the second suggestion was rejected as the government was "advised" that the procedure of calling for objections was "important."⁵² In 1941, Nur Ahmed moved his Bengal State Aid to Industries (Amendment) Bill, 1940 in the Bengal Legislative Council to widen the scope of giving aid to industries in Bengal. He pointed out that the provisions of the Act were very rigid and that no sufficient monetary aid could be given to industries under this Act. He was of the opinion that like other provinces provision should be made in the Act to grant subsidy to the cottage and village industries and that no security should be demanded for loans up to Rs 1,000.⁵³ After due consideration, the Bill was circulated for the purpose of eliciting public opinion. In the same year, the first coalition ministry also brought an amending Bill mainly to amend the proviso to section 19 according to which the amount of loan that could be advanced was restricted to 50 per cent of the net value of the assets of the industry to which the loan was granted. While moving the Bill, Hon'ble Tamizuddin Khan considered this as tantamount to restricting the security only to existing industry. He proposed, therefore, to alter this section in such a way so that the industrialists could apply for loan.⁵⁴ The Bill was ultimately referred to a Select Committee but unfortunately the first coalition ministry fell and the Bill was not proceeded with by the following ministry.⁵⁵ In view of government inaction, Nur Ahmed in 1945 once again reintroduced his Bengal State Aid to Industries (Amendment) Bill, 1940 and asked it to be referred to a Select Committee.⁵⁶ The Hon'ble Minister Khawja Shahabuddin prevailed upon the member not to press his motion for referring it to a Select Committee as the government

⁵⁰PAI (Industries), September 1936, Nos. 1-3, pp. 3-8.

⁵¹BLCP, 28 March 1935, Vol. XLV, No. 2, p. 688.

⁵²*Ibid.*

⁵³*Ibid.*, 28 February 1941, First Session, No. 9, p. 282.

⁵⁴*Ibid.*, 28 August 1941, Second Session, No. 16, p. 449.

⁵⁵*Ibid.*, 2 March 1945, First Session, No. 9, pp. 167-68.

⁵⁶*Ibid.*, p. 167.

had already "prepared the main outlines of a Bill" which he assured the member would be introduced "in this House in the next session."⁵⁷ But no such Bill was ultimately introduced by the government in the legislative even though there were promises to revise and remodel the Act even as late as March 1947.⁵⁸

CONCLUSION

The Bengal State Aid to Industries Act, 1931 was the first popular measure legislated by the colonial government for the revival and regeneration of industries in Bengal. Although the object for which this Act was enacted was excellent, it miserably failed to satisfy the needs of the cottage and smaller industries. This was due mainly to the obstructive rules framed by the government for the purposes of carrying out the Act as well as due to the limited financial resources of the government itself. Moreover, the scope of the Act proved to be too narrow. The result was that it gave no impetus to the development of cottage and small industries, although individuals had obtained financial aid to a limited extent on stringent conditions.

⁵⁷*Ibid.*, pp. 170-71.